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June 23—July 6, 1947

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AFGHANISTAN. *July 2.*—It was learnt that the Government had sent a Note to the British Government early in June drawing attention to the desire of the tribesmen in the area between the Indian frontier and the River Indus to dissociate themselves from India.

ARGENTINA. *July 6.*—President Perón, in a broadcast, declared that international peace must be preceded by internal peace in all countries, based on respect for the people's free will and on economic co-operation. His attitude in the face of the world's problems was, he said, that there must be disarmament of mankind in spirit, with the active co-operation of women, to "eliminate war psychosis"; second, a material plan leading to the elimination of war, banning from the world extreme totalitarian and capitalist ideologies; and third, firm resolve to work for the cause of peace. "We want to say to the world," he added, "that our contribution to internal and international peace consists in the fact that our resources have been added to the world's plans of assistance, in order to achieve the moral and spiritual rehabilitation of Europe and to facilitate the material and economic rehabilitation of all suffering peoples. . . ."

The President of Chile arrived in Buenos Ayres on an official visit.

AUSTRIA. *June 25.*—The U.S. High Commissioner and the Federal Chancellor signed an agreement concerning the methods for utilizing the Austrian share of the recent \$350 million U.S. grant for Europe, which was understood to be about \$90 million.

June 26.—The British Minister responsible for Austria arrived in Vienna.

June 30.—The Government informed the British Government of Austria's readiness to co-operate in the work of preparing a joint programme in response to the U.S. offer of aid.

It was learned that there had been a revival of political gang activity on the Yugoslav frontier. The "White Guards", a band of Slovene anti-Communists, were reported to be responsible for making the raids into Yugoslavia, killing frontier guards, and raiding shops and factories.

BELGIUM. *July 3.*—The Chamber passed the Bill for the ratification of the Customs union with Holland and Luxembourg, to come into force on Sept. 1.

BRAZIL. *June 26.*—The President of Chile arrived on a State visit.

July 2.—A series of agreements were signed with Chile for the exchange of rice, sugar, coffee, cotton, rubber, and manufactured goods for copper and nitrate.

CANADA. *June 24.*—The Prime Minister announced in the House of Commons that the Government would make a grant of \$20 million for relief in Europe in the current year after U.N.N.R.A. work had ended.

CHINA. *June 27.*—Announcement by the Export-Import Bank that it would not make the proposed \$600 million loan to China. (*see U.S.A.*)

June 28.—Communist forces were reported to be active north-west of Nanking, near the Anhwei border, and near Shanghai. In Manchuria they were stated to be increasing their pressure on both Changchun and Mukden.

June 29.—The Government promulgated an order charging the chairman of the Communist Party, General Mao Tse-tung, with organizing an illegal political party and instigating a rebellion to overthrow the Government, and ordering his arrest.

July 1.—Government forces relieved Szepingkai, after a 17 days' siege, and cleared the railway north of it. The Communists were reported to have captured several towns south of Peking and to be attacking Paoting.

July 4.—The State Council approved an order for total mobilization of man-power and resources against the Communists and sent it on to the Executive Yuan.

CZECHOSLOVAKIA. *July 1.*—A commercial agreement with Poland was signed in Prague during a visit there of the Polish Prime Minister and the Minister of Commerce. It outlined the course the two Governments proposed that economic relations should follow in the next 5 years.

EGYPT. *June 30.*—The Finance Minister, speaking of the temporary

agreement with Britain on sterling balances signed that day in London, said that the country would get £8 million to meet its needs to the end of the year.

FRANCE. *June 23.*—Some 20,000 motor workers in Paris went on strike for production bonuses. About 12,000 coal miners in the north of the country began a strike as a protest against the bad bread, the scarcity of meat, and the Government's financial proposals.

The *rapporteur* of the Finance Committee, reporting to the Assembly on their rejection of the Government's financial proposals said that the committee, while accepting the majority of the Government's proposals, had voted against the whole, not as a gesture of "rejection without appeal", but because of the uncertainty they felt about the Government's whole economic and financial policy. The Prime Minister said the Government were determined to resign rather than accept a policy of inflation. Their policy was to stand by the Blum experiment and to defend the franc. The Finance Minister made a detailed defence of the Government's proposals, and the chairman of the Committee also expressed his agreement with the policy of the Government. The Assembly then decided that the committee should re-examine the proposals. The committee later passed the proposals by 22 votes to 18, with 4 abstentions.

Crowds demonstrated outside the Chamber against the Government's financial proposals.

June 24.—The Assembly adopted the Government's financial proposals by 302 votes to 241, with 59 abstentions.

The Council of the Republic, by 140 votes to 103, adopted the Government's financial proposals but with severe modifications.

Some 180,000 coal miners in the north decided to proclaim a general strike as a protest against the inadequacy of their rations, the poor quality of the bread, and the Government's financial policy. A 2 hours' general strike occurred in Marseilles as a protest against the Government's financial proposals.

The Metal Workers' Union issued orders for a 24-hour nation-wide strike on July 1 as a protest against the Government's financial policy and the inadequate production bonuses.

June 25.—The Council of Ministers decided to put a vote of confidence to the Assembly on the Government's economic policy.

June 26.—The strike involving workers in several large stores in Paris was settled. Coal miners in the Loire and Lorraine areas joined other miners in their strike. The Minister of Industrial Production met the miners' leaders. The leaders later accepted the awards made by the commission on output bonuses, and the matter was referred to the Government for approval.

M. Molotov arrived in Paris for the three-Power talks on the Marshall offer.

June 27.—Mr. Bevin arrived in Paris.

Miners in the Lorraine area returned to work and those in the Arras district voted to end their strike.

The Minister of State said that the Government was confronted with a strike movement so general as to amount to a demand by all workers for the equivalent of a 10 per cent increase in salary. This would involve putting into circulation 60 milliard francs worth of new paper money and at a time of shrinking production this could mean little else than putting this sum at the disposal of the black market.

June 28.—The Government reached a settlement with the miners' leaders, and the men returned to work.

July 1.—The strike of bank employees which started on June 19 was settled.

July 2.—Termination of the conference between Mr. Bevin, M. Molotov, and M. Bidault. (see *The Marshall Offer.*)

M. Ramadier outlined his economic policy in the National Assembly, and asked for a vote of confidence in the Government. He said the first foundation of his programme was that there should be no general increase of salaries and wages, and the second was that strong measures would be taken to deal with maldistribution and the illegal sale of agricultural products, particularly meat. This would be achieved by increasing the powers of the Government.

July 3.—Invitation to 22 countries to join in discussions on July 12 on the Marshall Offer. (see *The Marshall Offer.*)

July 4.—The National Assembly gave the Government a vote of confidence by 331 to 247 (Communists and the extreme Right). During the debate M. Duclos, Communist, declared that in supporting the Marshall plan France had accepted a policy whose essential condition was the restoration of Germany, and "the same process has begun again as after the last war, when the interests of France were sacrificed."

M. Ramadier, in reply, asked "is it a listing to the right to try to bring together Europe and co-operate with America for a peace which ought to be possessed by all men and all countries?" He emphasized the importance of protecting the currency, and warned the working classes that the effect of any increases in wages would be immediately vitiated by a rise in all prices, adding, "there is no listing to the right in telling the truth".

July 5.—The Civil Servants Union announced that they would strike unless their demands for higher pay were granted by the Government by July 9. M. Ramadier promised to reply in 3 days, after the Socialist Party Congress (in session) had discussed it.

GERMANY. *June 23.*—Trade union leaders appealed to the 20,000 men who had stopped work on June 19 to return to work and all but about 5,000 did so.

June 25.—The German Economic Council held its first meeting in Frankfurt.

June 26.—The British and U.S. Military Governors announced in a joint statement that the first import of edible fats and oils into their 2 zones since the beginning of the occupation would start in July. Some 15,700 tons had been promised.

June 27.—Dr. Schumacher, addressing the Social Democrat Party

at Nuremberg, said he thought the bi-zonal Economic Council was the "last chance" for the country. Another winter without improvement in the food and fuel situation would be catastrophic, and everything depended on the next few months. He made an appeal for immediate needs: (1) more food and coal for the working population; (2) Raw material credits, so that production could be started on small consumer goods and an extension of raw material imports for processing and re-export; (3) No factories other than those directly concerned with the making of war materials should be dismantled; and (4) Industrial exports should be increased in every possible way.

The Economic Commission in the Soviet zone held its first meeting in Berlin.

July 3.—The U.S. C-in-C. and Military Governor announced that full agreement had been reached between British and U.S. representatives on the raising of the permitted level of "many types" of industry in the two zones. No political fusion of the zones was contemplated in advance of the Foreign Ministers meeting in London in November.

July 4.—An agreement was announced between the combined Anglo-American zones and Italy for repayments on both sides through an off-set account in U.S. dollars in Rome, and for exchanges of raw materials, machinery, coal, etc.

The U.S. Secretary of Agriculture, who was in Berlin with the Secretary of Commerce, announced that a minimum of 300,000 tons of grain a month would be imported into the Anglo-American area of Germany. This would enable the British and U.S. authorities to meet the full ration of 1,550 calories a day. Mr. Harriman said "our interest is to increase German production and get two-way trade going. The relief that is now coming in terms of food cannot be continued. It is essential to get reconstruction".

The death sentence on F.-M. Kesselring was commuted to life imprisonment by the G.O.C.-in-Chief, Allied H.Q. in Italy.

July 5.—The Allied commander in the Anglo-U.S. area received a letter from 16 German Ministers for national economy and agriculture appealing for help against "impending anarchy", and asking for a rehabilitation plan on a wide scale, greater authority for the German administration, increased imports of raw materials, and larger foreign credits.

Dr. Schumacher told British press representatives that American help was an absolute necessity for Germany, where the most important factor in production—human working capacity—was in process of collapse. It was a question of the actual personal lives of millions. A people of 70 million was seeing its productive capacity dissolving, and had to face a winter which might be decisive for its productive power, its goodwill, and its belief in international co-operation and humanity.

GREAT BRITAIN. *June 24.*—U.S. Treasury statement on the amount of the loan withdrawn. (*see U.S.A.*)

The Prime Minister received Mr. Clayton, U.S. Under-Secretary of State for Economic Affairs.

June 25.—The Colonial Secretary announced in the House of Commons that the Government proposed to establish a Colonial Development Corporation, with total borrowing powers of about £100 million, "to establish and assist any enterprise in the Colonies which is designed to increase their general productive capacity". The corporation would operate on commercial principles and was intended to supplement and not supplant private enterprise.

June 26.—It was learned that the Government had sent a Note to Rumania, protesting at the arbitrary arrest of many Rumanian citizens regarded by the Rumanian Government as their political opponents. The Note stated that the persons arrested had been neither charged with any offence nor, in most cases, even interrogated. The conditions under which they were detained were, in themselves, a denial of human rights specifically guaranteed under Article 3 of the peace treaty with Rumania.

The U.S. Ambassador, in a speech in London to the U.S. Chamber of Commerce, said that the dollar crisis was fundamentally a production crisis, and would not be solved until production problems were mastered.

June 30.—The Chancellor of the Exchequer announced in the House of Commons that after careful consideration of the import programme for the year beginning July 1 the Government had decided to restrict imports from hard currency areas by reducing tobacco and petrol imports and supplies of newsprint.

The Government signed a temporary agreement with Egypt covering until December 1947 the question of the Egyptian sterling balances.

July 1.—M. Herriot, President of the French National Assembly arrived in London as the guest of the Government.

The Government sent a protest to Bulgaria against the arbitrary closure of Opposition newspapers and against the press law in force there. They considered that the powers the Bulgarian Government had over the press did not accord with Article 2 of the peace treaty.

Note from Yugoslavia on unauthorized flights by British planes over Yugoslav territory. (*see Yugoslavia.*)

July 2.—The Prime Minister announced in Parliament that, by an Order in Council next day, the title of the Secretary of State for Dominions Affairs was being changed to Secretary of State for Commonwealth Relations, and the title of the Dominions Office to that of Commonwealth Relations Office.

The financial agreement with Egypt was published as a White Paper, (Cmd. 7163).

Mr. Herbert Morrison, addressing the press on the economic situation, said that food and raw materials had been desperately scarce everywhere ever since the war, which meant also that prices went up and countries had to use up their foreign exchange reserves. Britain's difficulties were not peculiar to her: "we did not start the reductions. One after another the import bans are coming into effect". Every such ban was also an export ban. The world was on a downward path which,

if continued, would end in the throttling of trade, stagnation, starvation, and decay. The alternative was to establish a system of world trade which would stimulate production. Fortunately, there were now people in every country who believed in the economics of expansion, and the British and U.S. Governments were among them, and if that point of view prevailed all would yet be well. That was why the Government did not come forward now with a programme of drastic cuts in food and raw materials. To do so would be betting against world recovery, and helping to create fear and restriction.

July 3.—Announcement in Parliament re invitation to European States to frame reply to Mr. Marshall. (see *The Marshall Offer*.)

Mr. Bevin arrived back in London.

Mr. Dalton, in a statement replying to a Parliamentary question, gave figures of the import programme for 12 months. The aggregate value was estimated at £1,700 million, f.o.b., or £232 million more than the programme for the calendar year 1947, a rise due to higher prices.

July 4.—The Prime Minister introduced in Parliament the Indian Independence Bill. (see page 386.)

Publication of the text of the invitation to the European countries to discuss the Marshall Offer. Mr. Bevin's speech to the American Society in London. (see *The Marshall Offer*.)

Mr. Bevin, addressing the Independence Day dinner of the American Society in London, said "the United States want us to devise a plan in which everyone can settle things on the basis of reason, discussion, and the facts". If Britain and America had a difficulty they discussed it till they found a way out, but that was misunderstood by a lot of their friends, who seemed to think that their obsession for peace was a thing which entitled them to go on with provocation, in spite of the great desire for peace in the world. They must not be surprised—and indeed, the evidence of the last two wars indicated it—that one could carry provocation too far. People would say one day: "We are tired of this." He asked those who thought they could play with peace loving peoples to study the psychology of such people and shape their policy accordingly.

He described talk of dollar diplomacy as "just sheer nonsense". America, having acquired wealth, was generous in its distribution, and if ever a country merited thanks and not criticism it was the United States. They had supplied no less than \$675 million for relief alone.

Mr. Marshall's speech was a cry from one continent to another, not one country to another. They said, "Get together, put up your plans, and we will try to help to carry them out". Who could resist such a spirit? Speaking for the British people his reply had been: "I accept your challenge. I will get on with the job."

He appealed for sympathy and understanding for France, and for support for M. Bidault. He also declared his affection for the Russian people, and said that the ordinary people of the world wanted peace, and to be left alone.

GREECE. *June 23.*—It was learned that during the past week a band of rebels in the north coastal region of the Gulf of Corinth had attacked the town of Delphi, attempted to penetrate into Attica, and were defeated on the slopes of Mt. Helikon.

June 24.—It was learned that a large bandit force had raided a small town close to the Yugoslav frontier, but had later been thrown back by Government forces and had retreated into the mountains after burning many houses. In eastern Thessaly, rebels blew up a train between Larissa and Domokos, killing several persons.

The Ministry of Public Order announced that rebel casualties between April 1 and June 20 amounted to nearly 7,000, of whom over 2,000 had been killed, about 700 wounded and more than 2,000 taken prisoner, while some 1,300 had surrendered voluntarily.

June 25.—Report of the United Nations Balkans Commission. (see *Security Council.*)

June 28.—Refusal by Yugoslavia to allow the Balkans sub-commission of inquiry to enter their territory. (see *Yugoslavia.*) The Balkans sub-commission of inquiry decided to examine the incidents on the Yugoslav frontier as best they could from the Greek side.

July 1.—The Minister of Public Security announced the arrest of 48 leading members of a "Communist terrorist organization", described as responsible for 11 major incidents in Salonika in the past 3 months, and said to be connected with the alleged Communist plans for setting up a "free Government" in the guerrilla-controlled area of Macedonia.

HUNGARY. *June 25.*—The Prime Minister, in an interview to the foreign press, said that the Government parties would not go to the elections on a single list. The Communist proposal that the Government present themselves as a single democratic *bloc*, within which the people should be permitted to vote for any of the 4 parties, would be considered. He announced that all the Volksdeutsche would be disfranchised, as well as all members of Fascist organizations who had been convicted as ordinary or war criminals, or for political offences, making a total of about 190,000 persons.

June 27.—The Assembly unanimously decided to ratify the peace treaty.

June 29.—The Prime Minister, speaking at a meeting of the Small-holders' Party, said that elections would be held "before the new wine". Dealing with the recent changes, he declared that the party had been hindered by the hirelings of the past régime who had ended by conspiring against the people. In the elections the party would go to the poll with a separate list. The Government stood on the basis of private property, and their aim was to fortify the new peasantry, one million of whom had been given land in the place of a few thousand big landowners. He thanked the U.S.S.R. for sending home prisoners of war and expected that 100,000 would have returned by the end of the year.

July 1.—In a debate in the Assembly on the Bill laying down the

method of administration of the 3-year plan and giving the Government absolute powers to carry it through by decree, M. Sulyok, leader of the Freedom Party, declared that a Bill "which gives such far-reaching authority as that now before the Assembly means slavery". The Bill was later passed.

INDIA. June 23.—The Punjab Legislative Assembly voted in favour of the partition of the province. The eastern group of the province decided in favour of partition and of joining the Constituent Assembly. The western group decided against partition. (Under the British plan partition took effect if either group favoured it).

Communal rioting continued in Calcutta and 6 persons were killed.

June 25.—Khan Abdul Ghaffar Khan announced that the Redshirt Party would boycott the referendum in the N.W. Frontier Province, as the Pathan electors did not wish to join Pakistan or Hindustan, but wished to set up an independent state, Pathanistan.

June 26.—The Viceroy's House announced that a State Department had been formed to deal with matters arising between the Central Government and the Indian States when the Political Department was wound up. Sardar Vallabhbhai Patel would be in charge.

The Sind Assembly decided by 33 votes to 20 to join the new Constituent Assembly.

June 27.—The Viceroy presided over the first meeting of the Partition Council, whose membership was the same as that of the former partition committee except that Mr. Jinnah took the place of Abdur Rab Nishtar.

June 28.—Mr. Jinnah, speaking in Delhi, said Ghaffar Khan's demand for an independent State, Pathanistan, in the N.W. Frontier Province was "insidious and spurious", and pointed out that the Muslims there were "Muslims first and Pathans afterwards".

The rulers of 13 Rajputana States announced their decision to establish a union, the "Union of Rajasthan", to associate therein the peoples of the States so that while preserving a monarchical form of government the Union might join the Union of India as a democratic body.

Further rioting occurred in Calcutta and 4 persons were killed.

June 30.—Further rioting in Calcutta led to 12 deaths. A two-day curfew was put into force.

July 1.—The Viceroy's House announced that each part of the Union of India would have operational control of its own armed forces by August 15. A single administrative control would exist until the forces had been sorted into 2 distinct groups and the 2 Governments were in a position to maintain their respective forces. As from August 15 Field-Marshal Auchinleck would become "Supreme Commander" until the division was completed, although he would have no responsibility for law and order, no operational control over any units save those in transit from one Dominion to the other, and no power to move troops within the borders of either Dominion.

Further deaths from rioting occurred in Calcutta.

July 2.—The Prime Minister of Travancore, replying to Pandit

Nehru's statement of June 14, said that he had now given up all pretence of non-violence. It was clear that he contemplated suppression of the assertion of independence by force, but he was tilting against an imaginary windmill. Travancore had asserted its willingness to negotiate and come to arrangements with the two Indian Dominions on the questions of defence, foreign affairs, and communications, so that the idea that the State was likely to make offensive or defensive alliances with foreign countries to the prejudice of the Dominions was as baseless as it was unjust.

July 3.—Serious rioting at Howrah, Calcutta, led to the police having to fire on hooligans armed with bombs, and both police and rioters were killed. A fine of Rs 35,000 was imposed on the locality.

The new Cabinet of West Bengal was sworn in.

Kathiawar and Gujerat States decided to form a confederation for the purpose of joining the Indian Union, and signed a declaration acceding to a confederation of the Western Indian States, Gujerat, and Central India.

July 5.—The Congress Ministers in the central Government resigned prior to its reconstitution. The Home Minister, as head of the States Department (replacing the Political Department) issued an appeal to all the States to forego claims to independence and join one or other of the Constituent Assemblies.

July 6.—The Indian press described the Independence Bill as the "noblest" act and the greatest law ever enacted by the British Parliament, but Congress papers criticized the absence of specific provisions regarding the States. They said it was to be hoped that their rulers would realize that their so-called independence was only illusory, and would soon come to arrangements with the contiguous Dominions calculated to maintain geographical integrity, on the one hand, and to strengthen a free country on the other.

ITALY. *June 25.*—President de Nicola resigned owing to ill-health.

June 26.—The Constituent Assembly re-elected President de Nicola as provisional head of the State by 405 votes to 19.

JAPAN. *June 26.*—Gen. Kawamura and Ccl. Oishi, convicted of complicity in the massacre of some 5,000 Chinese after the fall of Singapore, were hanged in Singapore.

June 27.—Three Japanese soldiers were hanged in Rangoon for the murder of 4 R.A.F. men in 1945.

June 28.—Gen. MacArthur, speaking to American publishers and journalists, said that he hoped for a peace treaty "within a year, or at the most 18 months", and he intended to return to the U.S.A. as soon as it was signed. He did not expect "any extensive opposition" from the U.S.S.R. during the writing of the treaty, since its demands on Japan had already been satisfied by the cession of the Kurile Islands. It would not be necessary to await the signing of the German peace treaty.

Speaking of the islands near Japan, he said the U.S.A. must take

possession of the Ryukyu Islands "as one of the strategic frontiers of the U.S.A." He thought Japan should be supervised by the Allied Powers "for a generation". The United Nations should be able to take over and control the country "where the job has already been done for them". Any control should be non-military, since he felt the occupation army should be withdrawn once the peace treaty was signed.

Dealing with trade, he thought Japan should be allowed to build up her export trade sufficiently to allow her to purchase at least 15 per cent of her food abroad. For the coming year he proposed to ask the U.S. Government for one and a half million tons of food for the country. Fertilizers were very important, and he hoped Japan would have adequate supplies from the U.S.A. in 18 months.

He was anxious the peace treaty should not be drafted in such a way as to enslave the people. He had no fears of renewed aggression, since Japan's military potential had been "destroyed for at least a century". The way was open for the U.S.A. to establish a new future in Asia. The allies must give Japan "Christian help" and assist her to regain her proper place in the world.

The Prime Minister stated in Tokyo that the Government hoped to secure additional land for Japan, and said he hoped that, in writing the peace treaty the Allies would consider her need for more space in view of the country's overcrowded condition.

July 6.—The U.S. Ambassador, in a message on the anniversary of the "black ship festival" (the arrival of Commodore Perry in 1853), said that "the American people will wish to continue to assist in the rehabilitation of Japan's economy". They wanted to see her self-supporting as soon as possible, and had neither the intention nor the desire to take from her what she required for a peace-time economy.

MOROCCO. *July 5.*—The Sultan signed 3 ordinances reorganizing the Council of Government, or *Maghzen*, so as to bring about a closer co-ordination of the parallel administrations of the Sultan and of France and at the same time broaden the responsibilities of the Moors in administration. Gen. Juin, in a speech, said that these reforms were evidence of French determination to lead the people along the path of self-government, and would be followed by others.

PALESTINE. *June 24.*—The U.N. committee visited Jaffa.

June 25.—The U.N. committee visited Tel Aviv.

The Government submitted to the U.N. committee an account of their administration since 1920. (see page 389.)

Terrorists tried to kidnap a Government liaison officer with the U.N. committee in Jerusalem, but made off when an army car arrived.

June 28.—Terrorists fired into a café in Haifa, killing a British soldier. Terrorists in Tel Aviv shot and killed 3 soldiers.

The U.N. committee issued a statement saying that its members, taking note of the public reports of violence committed in Palestine since their arrival, decided by 9 votes to none, Australia and India abstaining, to record their opinion that such acts constituted a flagrant

disregard of the appeal made in the General Assembly's resolution of May 15.

June 30.—The Government announced that the scheme for recovering from the Jewish community the cost of damage done by terrorists to oil installations in Haifa would take effect the following day and would mean an increase of 3d. in the price of petrol.

July 3.—The U.N. Committee ended its tour of Palestine.

July 6.—An Arab rally at Haifa was addressed by Jamal Husseini, who read a message from the Mufti stating that "the Jews are dreaming of conquering our country, but they will find out that we shall fight them for it even more than our grandfathers did". The head of the Arab Land Department said "we are now in a real war. Jews are coming here from everywhere . . . Millions of Moslems will come to our help when necessary and we shall kill every enemy who tries to prevent us reaching our aims".

POLAND. *June 24.*—The Government notified the U.S.A. that Poland was ready to join other European countries in working out an economic plan for Europe.

July 1.—Signature of trade agreement in Prague. (*see Czechoslovakia.*)

A trade treaty was signed with Italy.

July 2.—M. Osubka-Morawski, the Minister for Public Administration, resigned the chairmanship of the executive of the Socialist Party owing to differences over the fusion of the party with the Communists, and M. Hochfeld relinquished the leadership of the party's Parliamentary Group.

July 3.—Armed terrorists said to belong to the *W.I.N.* gang murdered the sheriff and 20 people in the village of Puchaczew, in the Lubartow district.

July 4.—The Foreign Minister, referring to the invitation to Paris, said that as the reconstruction of Europe must take time there was no need to hurry about answering it. The Prime Minister said the Polish standpoint was that it would be just as disastrous now as in time of war to upset the unity of the democratic world, particularly of the big allies.

RUMANIA. *June 25.*—Note from the U.S.A. protesting that the people were being deprived of their civil liberties. (*see U.S.A.*)

June 26.—Note from Britain protesting against arbitrary arrests. (*see Great Britain.*)

SPAIN. *June 27.*—Gen. Franco, in an interview to the U.S. press, said that nations which 8 years ago recognized the Government were now trying to make them and the people appear as a danger to peace, in spite of their pacific acts. Asked how the country was reacting to outside pressure and to statements condemning his régime, he replied that there had been public demonstrations, repeated on all occasions,

showing the growing devotion of the people to him and to the Government. On steps to improve relations, he thought the only concrete proposal he could make was that the principals of the United Nations Charter should be carried out in not interfering with that which was personal and private for each people.

Asked what had been done to liberalise his régime and permit the people to enjoy some forms of democratic government, he said Spain had resisted strong pressure to enter the war and had shown up the false belief that she was tied to either Germany or Italy. During that period as Chief of State he had limited his own powers by creating the Cortes of the nation which had collaborated in law-making for over 4 years. He had re-established the judicial system with independence and justice. The Council of States had been vitalized by broadening its administrative functions. The Law of Rights was now in force and guaranteed the rights and inherent liberties of every human being as an individual. A referendum had been instituted for the purpose of direct consultation with the nation on transcendental laws and decisions. He said the Law of Succession was a provision for the future and not a measure for the present. It was a purely internal affair and its only importance for the outside world was that it would enforce and guarantee peace and internal order for the future in an important part of the world.

Speaking of loans, he said Spain had fulfilled all her obligations, including debts owed by the previous State that represented important arrears of balances, and yet had received no help from world international finances. Spain's economic position was still weak, but a better future was certain. The standards of living of the average person had risen considerably. This and the increase of 3 million in the population in the past 10 years caused consumer problems with which their low production capacity could not cope.

Dealing with the freedom of the press and radio, he said the fact that these organs carried out certain patriotic and moral obligations did not mean there was a lack of freedom. There was no freedom to act against the homeland or against morals, or to insult nations abroad. There was, however, freedom for all legitimate activities.

He denied that Spain maintained a big Army. It corresponded exclusively to "our requirements in guaranteeing the Pyrenean frontier against aggression and infiltrations of terrorists organized in France". There was still an aggressive spirit in Europe, and talk of the recruiting and departure of international Communist brigades organized in France.

July 4.—Gen. Franco broadcast an appeal to all Spaniards to vote for the law of succession, as it was a chance to show their unity in face of foreign interference in their affairs. While other countries were trying other old and discredited formulas, he said, Spain was making a huge step forward in her legislation and her social work, and was starting on a new social code the importance of which went beyond her national frontiers. In future the social question must go hand in hand with spiritual and patriotic questions.

July 6.—The referendum on the Law of Succession was held. Voting was obligatory for both sexes over 21.

U.S.A. *June 24.*—The Treasury announced that Britain had withdrawn a further \$100 million of her loan, bringing the total withdrawn to date to \$2,050 million.

June 25.—The Government sent a Note to Rumania, protesting against the "drastic deprivation of civil liberties to which the Rumanian people are being subjected". It expressed deep concern in particular at the arbitrary arrest without warrant or charge of hundreds of the Opposition Party and non-party persons and the indefinite detention of such individuals in prisons and concentration camps under conditions reputed to be deplorable. "These measures", it said, "seem rather to represent a deliberate effort at suppression or terroristic intimidation of democratic elements of the population who oppose the present régime. Such evident deprivation of the most elemental human rights and fundamental freedoms is in conflict with Article 3 of the peace treaty which the Rumanian Government has signed and whose terms will obligate the Rumanian Government to secure to all persons under Rumanian jurisdiction enjoyment of such rights and freedoms".

The Note concluded: "The Government is deeply concerned that fulfilment of these treaty provisions should not be prejudiced by actions anticipating the coming into force of the treaty which effectively nullify the Rumanian Government's undertakings with respect thereto. The Government considers the obligations of Article 3 of the peace treaty are unequivocal and the rights therein assured to Rumanian people cannot be denied or modified by domestic legislation or judicial process".

The Government instructed their representative in Batavia to encourage the Dutch and Indonesians to co-operate in forming an interim Federal Government. They also instructed their representative in The Hague to inform the Netherlands Government that they would consider giving financial help when a federal Government was working smoothly.

June 27.—The Export-Import Bank announced that it would not hold after June 30 the \$600 million which had been earmarked for China. It stated that the bank "has heretofore taken action to bring to an end its programme of large emergency credits and is reverting to its primary objective of financing and facilitating specific U.S. exports and imports, including the financing of U.S. equipment and technical services for productive enterprises abroad which will contribute generally to foreign trade expansion".

June 29.—Leading atomic scientists headed by Prof. Einstein declared in a statement that the United Nations' efforts to control atomic energy were fruitless and that the only alternative to international control "is the death of our society". They added: "Once stock-piles of atomic bombs have been accumulated by 2 national blocs of a divided world, it will no longer be possible to maintain peace."

June 30.—The Department of Agriculture announced that a supple-

mentary allocation of 25,500 tons of wheat for the British and U.S. zones of Germany would be shipped in July. (This was additional to the normal one of 456,000 tons for the area for July.)

July 1.—The fiscal year ending June 30 showed a Budget surplus of \$753,787,660, the first for 17 years. This reduced the national debt to \$258,375,903,293, a reduction of over \$11,000 million in a year. Revenue totalled \$43,259 million.

July 4.—President Truman, in his July 4 address, made the following points: The U.N. Charter was the result of the lesson learned, at staggering cost, that the nations of the world were interdependent, and that the recognition of this was essential to the life, liberty, and the pursuit of happiness of all mankind. The first requisite of peace was adherence to the principle that "Governments derive their just powers from the consent of the governed". The stronger the voice of a people in the formulation of national policies the less the danger of aggression. The second requisite was a common respect for human rights, and as to this much had been learnt from Germany, Japan, and Italy as to the relationship between dictatorship, aggression, and the loss of human rights. The third requisite was the free and full exchange of knowledge, ideas, and information and freedom in communication and travel. Unfortunately several countries did everything they could to prevent this, and even taught and broadcast distrust and scorn of their neighbours.

The fourth requisite was "that all nations shall devise their economic and financial policies to support a world economy rather than separate nationalistic economies". Here, America had heavy responsibilities, as the greatest producer of industrial and agricultural products and the greatest creditor nation. The U.S.A. had since the war contributed nearly \$20,000 million to relief and reconstruction, had taken a leading part in the establishment of the World Bank and Fund, co-operated in the Economic and Social Council, etc., and now "we have suggested to the European nations that further requests for American aid should be on the basis of a sound plan for European reconstruction".

But it was not enough for one nation to live up to its responsibilities; the co-operation of all was necessary. Yet certain nations were withholding their support of reconstruction plans on the ground that this would mean interference by some nations in the internal affair of others. This was "as fallacious as the refusal of a man to enter a profitable business partnership on the ground that it would involve interference in his private affairs". Surely, after two world wars the nations should have learned the folly of a nationalism so extreme as to block co-operative economic planning among nations for peaceful reconstruction.

July 5.—President Truman issued a report showing that nearly 18½ million tons of grain and other foodstuffs had been sent overseas in the year ended June 30, with a statement announcing that "within our ability to share our resources we will continue to do our part to relieve human suffering and to help other countries to help themselves".

UNITED STATES OF INDONESIA. *June 23.*—The Prime Minister received from the Lt. Governor-General of the Netherlands East Indies

an *aide-mémoire*, appealing to the Government to accept the proposals in the Dutch Note of May 27 in view of the serious situation.

June 25.—Representations from the U.S.A. urging co-operation with the Netherlands in setting up an interim Government. (*see U.S.A.*)

June 26.—The Prime Minister resigned because he could not secure left-wing support for his concessions to the Dutch.

June 27.—The President accepted the main lines of the Dutch proposals of May 27 for the formation of an interim federal Government for the whole of the former Netherlands East Indies.

July 1.—The President asked the leaders of the 4 political parties to form a Government. The leaders later informed the President that they were unable to do so.

July 3.—A national coalition Government was formed to continue negotiations with the Dutch over the future of the U.S. of Indonesia. It comprised Ministers of the Nationalist, left-wing Labour, and Islamic Progressive parties. The Prime Minister, Mr. Sjarifuddin (Socialist) said their policy would be the same as that of Dr. Sjahrir.

YUGOSLAVIA. June 28.—The Government refused permission to the Balkans sub-commission of inquiry to enter Yugoslav territory to investigate frontier incidents with Greece on the ground that they had carried out their own investigation and were satisfied that the incidents did not take place, and that therefore it was not necessary for the commission to hold an investigation.

July 1.—The Government sent a Note to Britain protesting against a number of unauthorized flights carried out during the past few days by British planes over their territory from the direction of Austria, and said they must "disown all consequences which may arise from this situation". Mention was made of "other incidents which have occurred recently all along the Yugoslav-Austrian frontier". (*see Austria.*)

THE MARSHALL OFFER

MR. MARSHALL'S SPEECH AT HARVARD

ON June 5, Mr. Marshall, speaking on European reconstruction at Harvard University, said that the visible destruction was probably less serious than the dislocation of the entire fabric of European economy. Europe's requirements for the next 3 or 4 years of foreign food and other essential products—principally from the U.S.A.—were so much greater than her present ability to pay that she must have substantial additional help, or face economic, social, and political deterioration of a very grave character. The remedy lay in restoring the confidence of the European people in the economic future of their own countries and of Europe as a whole.

It was logical that the U.S.A. should do whatever it was able to do

to assist in the return of normal economic health in the world, without which there could be no political stability and no assured peace. He went on: "Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist. Such assistance, I am convinced, must not be on a piecemeal basis as various crises develop. Any assistance that the Government may render in the future should provide a cure rather than a mere palliative. Any Government that is willing to assist will find full co-operation, I am sure, on the part of the U.S. Government. Any Government which manœuvres to block the recovery of other countries cannot expect help from us".

Mr. Marshall continued: "It is already evident that, before the U.S. Government can proceed much further in its efforts to alleviate the situation and help start the European world on its way to recovery, there must be some agreement among the countries of Europe as to the requirements of the situation and the part these countries themselves will take in order to give proper effect to whatever action might be undertaken by this Government. It would be neither fitting nor efficacious for this Government to undertake to draw up unilaterally a programme designed to place Europe on its feet economically . . . The initiative must come from Europe. The rôle of this country should consist of friendly aid in the drafting of a European programme and of later support of such a programme so far as it may be practical for us to do so. The programme should be a joint one, agreed to by a number, if not all of the European nations".

In conclusion, he stressed the importance of an understanding on the part of the U.S. people of the character of the problem and the remedies to be applied. Political passion and prejudice should have no part. With foresight and willingness on the part of the U.S. people to face their vast responsibilities, he was confident that the difficulties could be overcome.

At a press conference on June 12, Mr. Marshall said that when he outlined his plan for aid to Europe, he included Britain and the U.S.S.R. in the term "Europe", by which he meant "everything west of Asia".

Mr. Bevin, in a speech in London on June 13 said he thought Mr. Marshall's speech would "rank as one of the greatest speeches made in world history" and he welcomed it as "an inspiring lead given to the peoples of Europe". The plan would, he considered, "throw a bridge to link east and west".

After the talks with France, Mr. Bevin sent a personal letter to the Secretary-General of the United Nations, assuring him that the rôle of the United Nations in the action which European countries might take in connexion with the Marshall plan was being kept in mind. He had, however, felt it advisable to take the initiative in consulting France as an exploratory move.

On June 22 President Truman announced the appointment of 3 committees to study the impact of aid to foreign countries on the domestic economy of the U.S.A. Two were formed within the Government, and the third was a non-party group to advise the President.

The U.S. Ambassador, referring to the Marshall offer in a speech to the American Chamber of Commerce in London on June 26, said that the war had divided the world into two parts, one with high productivity and the other with productivity shattered. Dollars were the financial reflection of this far-reaching disequilibrium. The dollar crisis was fundamentally a production crisis, and would not be solved until production problems were mastered. He welcomed the speedy acceptance by European countries of their responsibility to formulate a comprehensive plan for the restoration of productivity, and emphasized that assistance from the U.S.A. would be unavailing unless it was associated with definite evidence of European collaboration, fashioned by the Europeans themselves to effect the fullest, the most economic, and the best-husbanded use of their resources.

The U.S. Secretary of Commerce stated in Washington on June 30 that U.S. aid "is implied" in the Marshall plan. He added: "There is certainly a suggestion that European countries get together and submit proposals as to how reconstruction can be brought about, and this country will then review the proposals sympathetically".

THE SOVIET UNION'S ACCEPTANCE OF THE INVITATION TO PARIS¹

ON June 23 the Soviet Government sent a Note to Britain and France reading: "The Government has studied the British and French Governments' Note of June 19 regarding the formulation of European economic programmes in connexion with the declaration of Mr. Marshall at the University of Harvard on June 5, which was the subject of bilateral conversations between the British and French Ministers for Foreign Affairs in Paris. The Government agrees that the primary problem of European countries at the present time is the quickest possible reconstruction and further development of their national economy, which has been destroyed by the war.

"It is clear that the solution of this problem could be facilitated if from the side of the U.S.A., whose productive capacity was not only not diminished but was increased during the war, aid was forthcoming corresponding to the aims set forth above. Although the Government does not at present have at its disposal data regarding the character and conditions of the possible economic assistance to European countries from the U.S.A., and also regarding those measures which were the subject of discussion between the British and French Governments during the recent conversations in Paris, nevertheless the Government

¹ For the occasion of the invitation see *Supplement No. 12*, page 341, under date June 18.

accepts the proposal of the British and French Governments, and agrees to take part in a conference of the 3 Ministers for Foreign Affairs. In the opinion of the Government such a conference might take place in Paris on June 27."

On June 25 Mr. Snyder, the U.S. Secretary of the Treasury, was reported to have told the press in Washington that he did not view the Marshall offer as giving foreign countries "a blank cheque on the United States for what they need or want". He emphasized the responsibility of European countries in the matter, indicating that the part America might play was conditional upon the nature of European action. Later he clarified his remarks by saying that they should not "be interpreted as disagreeing in any respect with the comments made by Secretary Marshall at Harvard".

THE CONFERENCE IN PARIS

ON June 27 M. Bidault, M. Molotov, and Mr. Bevin met in Paris to discuss the Marshall offer. At the suggestion of Mr. Bevin it was decided that the talks should be held in strict secrecy.

The Tass Agency, in a dispatch broadcast on June 29 from Moscow regarding the attitude of the Soviet delegation, said that the U.S.A. was interested in "making use of its credit possibilities for expanding its external markets, especially in view of the approaching crisis". It was one thing, it went on, to ascertain the economic needs of the European countries for American aid in the form of credits and deliveries of goods by means of estimates drawn up by the European countries, but it would be an entirely different matter if the conference engaged itself in drawing up an all-embracing economic programme for the European countries, and ascertained only in passing their need for American aid. Such an attempt would mean interference in the established right of countries to manage their own affairs, a right which the Soviet Union had upheld in the past, and it could not be accepted.

"The conference", it said, "is faced with the task of ascertaining the needs of European countries for American economic aid by means of receiving appropriate estimates from countries concerned and subjecting them to a joint examination. In this work account should be taken in the first place of the needs of those countries which suffered German occupation and rendered support to the common cause of the allies in defeating the enemy... their needs would receive special attention".

The Soviet delegation considered, therefore, that the task of receiving and collating the estimates should be done by special European committees, in which allied countries should be given first place. It also considered that the whole German problem ought not to be discussed at this stage.

June 30.—Mr. Bevin, at a further meeting with M. Bidault and M. Molotov, said that the time had come to decide whether or not, and in

what form, the Ministers could set up the necessary organizations to frame the joint European programme. He was convinced that the programme must cover both points specified by Mr. Marshall: (1) it must state the requirements of Europe, and (2) it must show what part the European countries themselves could take in reconstruction. He went on: "I am quite sure there is no possibility of the U.S.A. giving the necessary support to any programme unless, in its design, it proves that it will ultimately produce a solvent and prosperous Europe." Denying that the drawing up of such a plan would in any way interfere with national economic plans or override national sovereignty, he declared: "Our policy is to bring these national plans together so that the requirements can be viewed as a whole".

He said that it appeared that the U.S.S.R. wanted the organization to deal only with the requirements of the European countries and not also with the part European countries could take in promoting European recovery. He did not think this approach would bring any help from the U.S.A.

Mr. Bevin then tabled his proposals: (1) A steering committee should be set up forthwith to draft for the consideration of the Governments of Europe a programme of European recovery over the next 4 years. (2) This programme should state: (a) to what extent it could be achieved by increasing the production of European countries themselves and by the interchange of available resources between them; (b) what external assistance the European countries required, e.g. capital goods to enable production to be increased and essential goods such as food and coal to enable the economic life of Europe to be carried on while indigenous productivity was being increased. (3) The steering committee should consist of representatives of France, Britain, and the U.S.S.R. and of not more than 4 other countries. It should be in contact with the Governments of all European countries except Spain, with the United Nations, and with other appropriate inter-governmental organizations. Any consultations in regard to Germany should be made through the commanders-in-chief. (4) The steering committee would, as suggested by Mr. Marshall, seek the friendly aid of the U.S.A. in the drafting of the programme.

He then suggested that sub-committees should be set up to study assets and requirements in food, power, iron and steel, and transport. The questions of balance of payments and raw materials should be dealt with by the steering committee itself, and the work of all committees should be completed by Aug. 15.

M. Bidault welcomed the British proposals and said he had only one or two points of detail to discuss. M. Molotov said that both the British and French delegations had said that the proposals must be accepted as put forward, otherwise there would be no help from the U.S.A. He asked whether they had any information about U.S. intentions beyond what was published. He thought that the proposals would in effect mean that the 3 Powers were interfering in the economic affairs of other nations and imposing their will on smaller countries. They would lead to an interference with the normal trade development which in

some ways had worked satisfactorily since the war. He stood by his original proposal.

Mr. Bevin said he knew no more about U.S. intentions than M. Molotov did, but he had studied Mr. Marshall's offer closely. He thought it was essential that a steering committee should ascertain by agreement the total productivity of Europe and how it was distributed. He went on to say that M. Molotov in effect was suggesting that Europe should ask the U.S.A. for a blank cheque. How, he added, would the U.S.S.R. like to be asked for a blank cheque? He ended by saying that if co-operation was impossible, no one would regret it more than the British Government, which would have to reconsider their position.

M. Molotov then brought forward a new proposal that certain European countries should be invited to make known their individual needs for credits and goods, and these claims should be examined by committees without "any interference with national sovereignty or with national plans for recovery". He dismissed the idea of an "all-embracing European economic plan" as unacceptable. He pointed out that some countries had economic plans and others had not, and he considered that the British and French proposal "would inevitably lead to the imposition of the will of the great Powers on the smaller Powers".

July 1.—M. Bidault tabled a new draft of his proposals, substantially unaltered. It suggested the establishment of a central "co-operation committee" and of sub-committees which would draw up a report before Sept. 1 on Europe's assets, on ways by which production could be developed by a freer interchange of goods and services, and on Europe's needs of help from outside. The co-operation committee might include representatives of other countries besides the three Powers themselves but excluding Spain. While maintaining the French view that German resources should be used in a European plan, the draft proposed as a safeguard, that "information concerning the development of German production should conform to the decisions of the Council of Foreign Ministers and the Control Council", and the four C-in-C.s should supply all reports on the assets and needs of Germany.

The draft included assurances that no action would infringe any sovereignty, and that all reports would be based on data supplied "of their own free will by the countries desiring to take part in this action".

Finally, this project of organization would be submitted for observation to the Economic Commission for Europe during its session beginning on July 5 at Geneva.

M. Molotov asked whether the proposal meant that German resources should be used for European reconstruction before the reparations question was settled. M. Bidault replied that reparations were a matter for the Foreign Ministers, and his proposals intentionally covered that point when they stated that nothing must be decided counter to the Ministers' decision. M. Molotov asked for time to study the French draft.

Mr. Bevin asked for a definite answer by M. Molotov, saying that

Mr. Marshall had, very reasonably, asked them to state what European countries expected to be able to do to help themselves and to help each other. "He has made it clear", he said, "that unless they do so there can be no hope of American aid to Europe. We—that is, Britain and France—say that for the sake of Europe we shall to the best of our ability respond to his request. The Soviet delegation say that we should not do this at all, but should only state what Europe requires from America. We are determined to do our best to meet Mr. Marshall's request. The Soviet delegation wish to reject it. This is the fundamental difference between us."

M. Bidault agreed that there was no doubt that a basic condition of the Marshall offer was that Europe should state details of the efforts the various countries were making to help themselves. He said his Government had never foreseen or admitted that the offer could conceivably have the result that a general European programme would infringe sovereignty. It was indispensable to have a European organization to get the necessary aid, and even with such an organization it was not certain that it would be forthcoming. But it was vain to look for help unless a European effort was undertaken. In any case a U.S. contribution could only be an addition to what Europe could do: "in the main we must count on our own efforts". He then tabled his proposals.

July 2.—M. Molotov, dealing with the French plan, said there were two possible ways of economic recovery: interchange between equal States; and co-operation with the great Powers by States under their domination. The Soviet proposals represented the former, and the others, the latter. "They would lead," he said, "to Britain, France, and that group of countries which follows them separating themselves from the other States, and thus the American credits would result in dividing Europe into two groups of States and creating new difficulties in the relations between them. The Soviet Government considers it necessary to caution the French and British Governments of the consequences of such action. It would be directed not towards the unification of the efforts of the countries of Europe in their task of economic rehabilitation but would lead to opposite results which have nothing in common with the real interests of the peoples of Europe."

How, he asked, would the small countries be able to safeguard their national economies and their independence? The Soviet Government certainly could not venture along that path, and while favouring the development of international collaboration on the basis of equal rights, it could not lend its assistance to any country in arranging its affairs at the expense of other weaker or smaller ones. "This has nothing in common with normal co-operation between States."

He also objected to the proposals concerning Germany as tending to take away the "justified reparations" claims of the countries which suffered from German aggression. Not only was no special concern being shown for those countries, but it was at their expense that it was proposed to direct the resources of Germany for purposes other than reparations. On the other hand, nothing was being done to expedite the setting up of an all-German Government which would be qualified

to take care of the needs of the German people better than anyone else. On the contrary, the policy of federalizing Germany was still being carried out in the western zones, as well as the line of action directed towards a still greater separation of western German territories from the rest, a fact which was incompatible with the genuine restoration of Germany as a united democratic State forming a part of the European family of peace-loving States.

M. Bidault said: "I, also, desire to caution the Soviet Government against a decision which would result in dividing Europe into two groups. France has done everything in her power to prevent the division of Europe, and we are not going to take the responsibility for a state of affairs which we have always done our best to avoid." There was not a shadow of a suggestion of any force in the French plan, and neither Britain nor France desired to play a predominant rôle. But experience of recent conferences had shown that they must not underestimate the duty of Great Powers to take the necessary initiative.

Mr. Bevin regretted that M. Molotov had threatened that if Britain and France continued with this beneficent work they "must face grave consequences". "My country," he said, "has faced grave consequences and threats before, and it is not the sort of prospect which will deter us from doing what we consider to be our duty. Nevertheless, I profoundly regret that threat."

M. Molotov's statement, he went on, was based on a complete travesty of facts and a complete misrepresentation of everything the British Government had submitted to the meeting. "I suppose the method is to go on repeating such misrepresentations in the hope that someone at last will believe them." The documents would show what and where the truth lay. The British and French Governments intended to pursue the Marshall offer in collaboration with anyone who wished to join with them. Their policy was to dominate none and to co-operate with everyone, and they would work as closely as they could with U.N.O. and inform it and all Governments of what they were doing. The conference then ended.

MR. MARSHALL'S STATEMENT ON JULY 1

ON July 1 Mr. Marshall told the National Women's Press Club in Washington that the U.S. policy rested on the determination of both Government and people to create a world in which the principles of U.N.O. could have a chance to take root and flourish. The many factors involved in foreign affairs were further complicated by "the continuous propaganda of misrepresentation", much of which was directed against the U.S.A. Their motives were impugned and their purposes distorted, and there had been much misunderstanding abroad of American assistance to other countries, much of it due to purposeful misrepresentation. Those responsible for this were "doing a grave disservice to the suffering peoples whose future depends directly on the success of international co-operation in the economic field".

He felt sure that the American people realized that a stable and

prosperous world was important to their own well-being. They also realized the contribution that had already been made to such a world by many peoples or nations in the way of tremendous sacrifices in life and property, and since the United States suffered no such destruction on its own territory the American people thought it right to offer and expend out of the fruits of their own labour the enormous quantities of goods and services that had gone to other countries in the past 2 years. Some 82 million tons of goods, valued at over \$9,000 million had flowed into Europe from America since the war.

There could be no more fantastic misrepresentation, no more malicious distortion of the truth, than the frequent propaganda assertions or implications that the United States had imperialist aims, or that American aid had been offered in order to fasten upon the recipients some form of political and economic domination. After the war the U.S. Government demobilized the greatest concentration of military power the world had ever seen, and left only small garrisons in the enemy countries; and "no conditions were attached to this withdrawal". No political parties subservient to U.S. interests had been left behind in European countries to attempt a conquest of their Governments from within. No U.S. agents had sought to dominate the police establishment of any country, and no joint American-European companies had been forced upon reluctant Governments.

It would be untrue to say that Americans made no demands as to the utilization of the aid they contributed. They emphatically demanded that whatever they provided should be effectively used for the purpose for which it was intended: that it should not be expended to serve selfish interests; that it should be employed specifically to assist in economic rehabilitation; and that "it should serve a great purpose in restoring hope and confidence among people concerned that the world shall know peace and security in future."

On July 2 Mr. Clayton, U.S. Under-Secretary of State for economic affairs, addressed the International Trade Conference and the Economic Commission for Europe on the Marshall offer. He said there was no reason why agreement on it should not be reached even if some States remained outside. It would be for Europe to decide whether the Economic Commission was the most suitable instrument for carrying out the plan. It had been suggested that since coal was the key to the reconstruction of Europe the programme should begin with the rehabilitation of the Ruhr. Coal was a most important problem, but agriculture ran it close because Europe had to import much more food than before the war. The cure was greater production: the dollar scarcity was nothing but a production question.

He had been asked whether in view of the British restrictions on imports due to shortage of dollars the U.S.A. was prepared to modify the Loan Agreement so as to permit Britain to buy commodities from soft currency countries and at the same time to restrict imports from hard currency countries. Certain exceptions of a limited character were provided for in the Loan Agreement which could be made

administratively and these were now under consideration, but to make a complete exception would require an Act of Congress, and so far the U.S.A. had not been asked by Britain to undertake anything of the kind.

On July 3 the British and French Governments decided to invite all (22) the European Governments except Russia, Germany, and Spain to attend a conference opening in Paris on July 12 to discuss the Marshall offer. In London the Minister of State read in the House of Commons a statement, issued simultaneously in Paris, pointing out that it was essential to draw up as quickly as possible a programme covering Europe's resources and needs. A temporary organization needed to be set up to bring together the data on which such a programme would be based, and the two Governments had accordingly decided "to invite all European States (with the temporary exception of Spain) who desire to participate in framing a reply to Mr. Marshall's suggestion to collaborate with them in setting up this organization, whose task will be to draw up a programme of European reconstruction, in which the resources and needs of each country will be co-ordinated in such manner as each freely decides. This offer to participate in the work of the organization will be open to all European States".

A copy of the invitation was given to the Soviet Ambassador in Paris, with a letter expressing the hope that the Soviet refusal might not be definite and calling attention to the last sentence of the joint statement. Copies of all documents were sent to Washington and to the Economic Commission for Europe.

THE INVITATION TO THE EUROPEAN STATES

ON July 4 the British and French Governments sent invitations to 22 European countries to a conference in Paris on July 12. They stated that they recognized that Europe must take the initiative in the work of reconstruction, and in their opinion a temporary organization must be set up to bring together the data on which a programme covering both the resources and needs of Europe would be based. The invitation continued:

"This organization should consist of a Committee of Co-operation which would co-ordinate the work of special sub-committees to deal with certain products or branches of economic activity. The Committee of Co-operation would consist of representatives of the United Kingdom, France, and certain other European States. It should, as the American Secretary of State himself suggested, seek the friendly aid of the United States in the drafting of the programme.

"Four sub-committees would be set up to assist the work of the Committee of Co-operation in regard to the following subjects:—(1) Food and Agriculture; (2) Fuel and Power; (3) Iron and Steel; (4) Transport.

"The sub-committees would be formed by representatives of certain of the European countries most concerned in each of the subjects

enumerated. His Majesty's Government and the French Government will invite representatives, appointed by countries which have agreed to participate, to a meeting in Paris on July 12 in order to settle the composition of the Committee of Co-operation and of the sub-committees.

"This Committee of Co-operation and the special sub-committees would meet in Paris and would begin their work on July 15. The report of the Committee of Co-operation should be drawn up in time to be presented to the Government of the United States on September 1, 1947, at the latest.

The Economic Commission for Europe would be informed at its forthcoming session of the setting up of this organization. The committees and sub-committees would be in contact with the United Nations Organization and its specialized agencies and existing inter-Governmental organizations.

"In the conviction that Mr. Marshall's suggestions are in the interest of Europe as a whole, that the task of European reconstruction would obtain essential help from the assistance of the United States of America, that this assistance is dependent on the European nations making this effort to co-ordinate and to help each other, his Majesty's Government and the French Government have the honour to invite the Government of . . . to take part in the administrative machinery which they desire to see set up. In the circumstances the two Governments are particularly desirous of knowing, if possible before July 10, the reply of the Government of . . ."

Detailed proposals for the machinery to be set up were included in an annex to the invitation. They emphasize that there will be no interference in the internal affairs of the States invited and that no action will be taken which could be regarded as a violation of their sovereignty.

THE INDIAN INDEPENDENCE BILL

ON July 4 the British Prime Minister introduced in the House of Commons the Indian Independence Bill, the main provisions of which were as follows:

The two independent Dominions to be known as India and Pakistan are to be set up from Aug. 15, 1947.

India will consist of all the territories under the sovereignty of the King which are included in British India except those designated in the Bill as the territories of Pakistan.

Pakistan will consist of the Provinces of East Bengal and West Punjab, the territories included in the Province of Sind, and the Chief Commissioner's Province of British Baluchistan. If the referendum to be held in the North-West Frontier Province shows a majority of votes in favour of joining the Constituent Assembly of Pakistan, this Province, too will be part of Pakistan.

There is to be a Governor-General appointed by the King for each

of the two Dominions, but unless and until provision is made to the contrary by the Legislature of either of the Dominions the same person may be Governor-General of both.

The words "Indiæ Imperator" and the words "Emperor of India" are to be omitted from the royal style and titles.

From the appointed day (Aug. 15) his Majesty's Government in the United Kingdom will have no responsibility for the government of any of the territories now included in British India. The suzerainty of his Majesty over the States will also lapse from that date.

Temporary provisions are made for the government of each of the new Dominions. The powers of the Legislature of each Dominion, for the purpose of making provisions for its constitution, will be exercised in the first instance by the Constituent Assembly of that Dominion.

Extensive powers are given to the present Viceroy and Governor-General to make such orders as seem to him necessary or expedient to bring the Act into force. He may make orders for dividing between the new Dominions the powers of the Governor-General in Council and for the division of the Indian armed forces. These transitional powers extend only to March 31, 1948, or such earlier date as may be determined by the Legislature of either Dominion.

Under the Statute of Westminster it is necessary for the Parliaments of all the Dominions to give their assent to any change in the royal style and titles. Their Governments have already indicated that there will be no objection to the passing of the necessary legislation.

Other consequences of the establishment of the new Dominions are set forth as follows:—

As from the appointed day—

(a) H.M. Government in the United Kingdom have no responsibility as respects the government of any of the territories which, immediately before that day, were included in British India;

(b) the suzerainty of his Majesty over the Indian States lapses, and with it, all treaties and agreements in force at the date of the passing of this Act between his Majesty and the rulers of Indian States, all functions exercisable by his Majesty at that date with respect to Indian States, all obligations of his Majesty existing at that date towards Indian States or the rulers thereof, and all powers, rights, authority or jurisdiction exercisable by his Majesty at that date in or in relation to Indian States by treaty, grant, usage, sufferance, or otherwise; and

(c) there lapse also any treaties or agreements in force at the date of the passing of this Act between his Majesty and any persons having authority in the tribal areas, any obligations of his Majesty existing at that date to any such persons or with respect to the tribal areas, and all powers, rights, authority, or jurisdiction exercisable at that date by his Majesty in or in relation to the tribal areas by treaty, grant, usage, sufferance, or otherwise.

There follows a proviso that notwithstanding anything in paragraphs (b) or (c), any agreements relating to customs, transit and communications, posts and telegraphs, or other like matters shall be continued until the agreements are denounced by the States or the tribal areas on

the one hand or by the Dominions or Provinces, on the other, or are superseded by subsequent agreements.

Lord Mountbatten will become for a transitional period after the passing of the Act Governor-General of both Dominions. This transitional period will not continue beyond March 31, 1948, and may be terminated earlier at the instance of either Dominion. If it is so desired there will afterwards be a Governor-General for each.

The Governor-General will make such Orders as appear to him necessary or expedient for dividing between the new Dominions and the new Provinces to be constituted "the powers, rights, property, duties, and liabilities of the Governor-General in Council" or of the Provinces which are to cease to exist; for "removing difficulties arising in connexion with the transition to the provisions of this Act"; for authorizing the carrying on of the business of the Governor-General in Council between the passing of this Act and the appointed day; for enabling agreements to be entered into and other acts done on behalf of either of the new Dominions before the appointed day; for authorizing the carrying on for the time being on behalf of the new Dominions, or groups of Provinces, of services and activities previously carried on on behalf of British India as a whole; for regulating the monetary system and any matters relating to the Reserve Bank of India; and, for any of these purposes, for varying the constitution, powers, or jurisdiction of any legislature, court, or other authority in the new Dominions, and creating new legislatures, courts, or other authorities.

These powers are to be made retrospective to June 3, 1947. A special clause makes provision for the Indian armed forces, and stipulates that the Orders to be made by the Governor-General "shall make provision for the division of the Indian armed forces of his Majesty between the two Dominions and for the command and governance of those forces until the division is completed." Another clause lays it down that nothing in the Bill affects the jurisdiction or authority of the United Kingdom Government, or the Service departments, in relation to any of his Majesty's forces (not being Indian forces) "which may, on or after the appointed day, be in either of the new Dominions" or elsewhere in the territories which are at present included in India.

The Bill recognizes as the Constituent Assembly for India, with the necessary modifications, the Assembly which sat first on Dec. 9, 1946. It also authorizes the establishment for Muslim India of a Constituent Assembly of Pakistan to be set up under the authority of the Governor-General. The Indian States may accede to either of the two Dominions and their representatives may sit in either of the Assemblies.

When the Bill becomes law the functions of the Secretary for India and of the India Office will be ended, and all business relating to India and Pakistan will be dealt with by the Secretary of State for Commonwealth Relations.

THE PALESTINE GOVERNMENT'S REPORT TO THE U.N. COMMITTEE

ON June 25 the Palestine Government submitted to the United Nations Committee a summary of their stewardship since 1920.

They pointed out that two tasks were imposed by the mandate: (1) the development of Palestine in the interests of all its people; and (2) the expansion of the Jewish national home. The mandate had foreseen the two peoples drawing closer together towards a common end under a progressive Liberal régime. The principle of the Jews and Arabs ultimately sharing authority was embodied in the White Paper of 1939 and was still observed by the administration. No progress had, however, been made in this direction, and politically, economically, and socially the two communities had drifted apart.

The reasons for their divergence at all points were:

(1) The basic fear among both Jews and Arabs of domination by others and their unwillingness to compromise. In holding the balance between them the Government had both to curb and encourage the two communities. The Arabs from the start were intractable, and the Jewish economic system was racially exclusive. Later the Jews became immoderate politically, and the adoption in 1942 of the Biltmore programme, aiming at a Jewish commonwealth with unrestricted immigration and settlement, ended the practical prospect of co-operation between Jews and Arabs.

(2) The faults in the terms of the mandate. The Government pointed out that the mandate contained no provision to bridge the gap between the Jewish and Arab outlook. It tended to differentiate between the Jews and the rest of the community, and by establishing the Jewish Agency in a special position, and by permitting community schools and 3 languages, it stimulated separatist tendencies.

(3) Faults in the growth of the Jewish Agency. The Agency had grown to a point where it overbalanced the country's administrative system. It had not observed its terms of reference, and from being a local body as was implicit in the mandate, with the primary duty of advising and co-operating with the administration even if in opposition, it had come to represent Zionists throughout the world as well as dominating all Jewish activities and resources in Palestine. There had been no counteracting growth on the Arab side—an attempt to form an Arab Agency in 1923 had failed, as the Arabs were against the idea—and no joint legislative body had been formed.

(4) The heightening of the divisions by the use of 3 official languages. The Government stated that while they considered every people should have the right to develop their own language in a country such as Palestine recognition of a number of official languages accelerated centrifugal tendency and increased the opportunity "for community Chauvinism".

The Government pointed out that despite the trouble, development of the country had continued. They had created conditions in which a Jewish national home could be founded, and made improvements

in every branch of public service. The Jews, "a bustling, thrusting people", by their initiative and industry, and supported with money from the outside, had achieved much. The Arabs had benefited in some ways from this Jewish activity, but the pace set by the Jews had made it still harder to keep a balance in the country as a whole. It had been the duty of the mandatory Power to foster the progress of the Arabs the same as that of any other people, and though the Arabs had shown vitality and individuality, and had made great advances in agriculture and industry, they lacked the money and the powerful organizations of the Jews. The Government had tried to narrow this gap between the two peoples and, in taking into account the rights of the two sides, had been condemned by both.

THE SECURITY COUNCIL

June 25.—The report of the Balkans Commission was published and sent to the Council. It was approved by Australia, Belgium, Brazil, China, Colombia, Syria, and Britain, but rejected by the U.S.S.R. and Poland. France did not subscribe to its conclusions on the ground that the Security Council alone had the right to form such conclusions.

The findings of the majority on the Commission were: (1) Yugoslavia and to a lesser extent Albania and Bulgaria had supported guerilla warfare in Greece; (2) Yugoslavia had established a camp near the Greek border where Greeks were given political and military training and subsequently sent back to Greece to join rebel bands. There was no doubt that refugees in the camp were subjected to political indoctrination looking toward the overthrow of the Greek Government; (3) Albania had established a camp and provided political and military training for Greek refugees. As late as 1946 aid to the Greek guerillas continued in the form of guides and liaison assistance for men returning to Greece from Albania and Yugoslavia. (4) Bulgarian aid had consisted of help in crossing frontiers, hospital facilities, and supplies of arms; (5) Yugoslavia and Bulgaria openly supported the Macedonian separatist movement, although the Greek persecution of Macedonian Slavs provided, the report considered "a fertile breeding ground for separatist movements"; (6) the report blamed both sides for numerous minor frontier violations.

The Commission found that in Greece "there exists a considerable degree of political freedom and freedom of speech, press, and assembly despite disturbed conditions". They pointed out that of the 4 countries visited, only in Greece did they hear witnesses who criticised the policies of their Governments or delegations of free organizations presenting evidence against their Governments. They also found that there was considerable evidence showing large scale arrests, imprisonments or exile, beatings and other brutalities, and burning of houses carried out by "some members of the Greek gendarmerie and by officially tolerated Right-wing bands". Against this the Commission

heard the evidence of the Rector of Athens University, who said that terrorism in Greece was the work of the Communists.

The Commission recommended that: (1) the Security Council should recommend the 4 Governments to abstain from actions which caused tension in the border areas and refrain from supporting dissident groups in each other's countries; (2) the 4 Governments should sign peace conventions; (3) the Security Council should establish a small commission or a single commissioner to remain permanently in the troubled area and report on incidents; (4) refugees from any of the 4 countries should be segregated in camps and not permitted to indulge in political or military activity. If possible, the camps should be under international supervision; (5) the Security Council should ask the Governments to examine the practicability of voluntary transfer of minorities.

June 27.—The Council opened its debate on the report. The U.S. delegate declared that Albania, Bulgaria, and Yugoslavia had used force against the territorial integrity and political independence of Greece, and Yugoslavia had recruited and trained Greek refugees, dispatched them for action with the guerrillas, supplied them with arms, etc., and provided an avenue of escape from the Greek forces. At Bulkes camp refugees were also subjected to propaganda looking to the overthrow of the Greek Government. He said the Charter should not be interpreted narrowly—invasion by armies was not the only means of attacking a country's independence, and force could be used through intimidation, infiltration, and subterfuge.

The action the Council took might be decisive on the confidence of the world in the effectiveness of the United Nations in such situations, and he moved that acting under Chapter 6 of the Charter, it should adopt the proposals of the Commission (i.e. that the 4 countries enter into new frontier conventions, and that the Council appoint a commission which would supervise their execution until Aug. 31, 1949, before which date the Council would decide whether its life should be extended). The Commission should have power to investigate any border incidents and, if necessary, assist repatriation or exchanges of refugees and minorities. The Council, he added, should bear in mind that if Yugoslavia, Bulgaria, and Albania continued to act as they were doing it would be compelled to consider that there was no longer a dispute, but a threat to the peace, a breach of the peace, or an act of aggression within the meaning of Chapter 7.

M. Dendramis, for Greece, told the Council that the case was really a Greek phase of a larger question. A fifth column, serving as the agent of foreign Governments, had been let loose by the 3 countries upon Greece. It was not a case of civil war, as Russia and Poland claimed; it was aggression. He declared that the frontiers of Greece were today the frontiers of human freedom. He added that Greece would do her best to carry out the Commission's recommendations. He did not ask for sanctions at this stage, but it was the duty of the Council to use its full powers to the extent necessary to make sure peace was restored.

The Military Staff Committee dealt with figures for army, navy, and

air forces submitted by Britain, France, and the U.S.A. The British proposals were for an army of 8 to 12 divisions, an air force with 12,000 aircraft of all kinds, and a navy of 2 task forces and auxiliaries. The French proposals were very similar, and China approved them, but the U.S.A. suggested larger figures.

July 3.—The British delegate, supporting the Balkans Commission's proposals for the Greek frontier, said that the U.N. Charter made very considerable inroads on the theory of national sovereignty. If it was desired to maintain sovereign rights inviolate that ought to have been thought of at San Francisco. Britain regarded the conclusions supported by 8 of the 11 members of the Commission as soundly based. Nothing in the internal situation of Greece relieved her 3 neighbours of direct responsibility for aiding the guerrillas. Whatever the rights and wrongs of the situation it remained unsatisfactory to the point of being a danger to peace and security. Nine out of 11 members had made practical proposals for remedying it, and the Council must try them. He supported the U.S. resolution.

Brazil also supported it.

INTERNATIONAL CONFERENCES

June 23.—The Caribbean Commission, attended by delegates from Britain, the U.S.A., France, and the Netherlands, opened its first conference in Kingston, Jamaica.

June 26.—The Commission decided to initiate immediately a comprehensive survey of the industries and industrial potential of the Caribbean territories of the represented countries.

UNITED NATIONS MEETINGS

July 2.—The U.N. Economic Commission for Asia and the Far East ended its first session in Shanghai, after instructing the secretariat to complete its study of the reconstruction needs of the Far East, and ascertain to what extent the short-term requirements of the various countries could be met from the region's resources. The Soviet delegate abstained from voting on all the decisions, and gave notice that, "owing to the tendency of the Commission to disregard the Soviet view on important matters", the Soviet Union might not be able to take part fully in its future work.

July 5.—The Economic Commission for Europe met in Geneva.